



# **Moving Michigan Forward: Continuing Our Comeback**

February 7, 2013

**Governor Rick Snyder, CPA**

**Lt Governor Brian Calley**

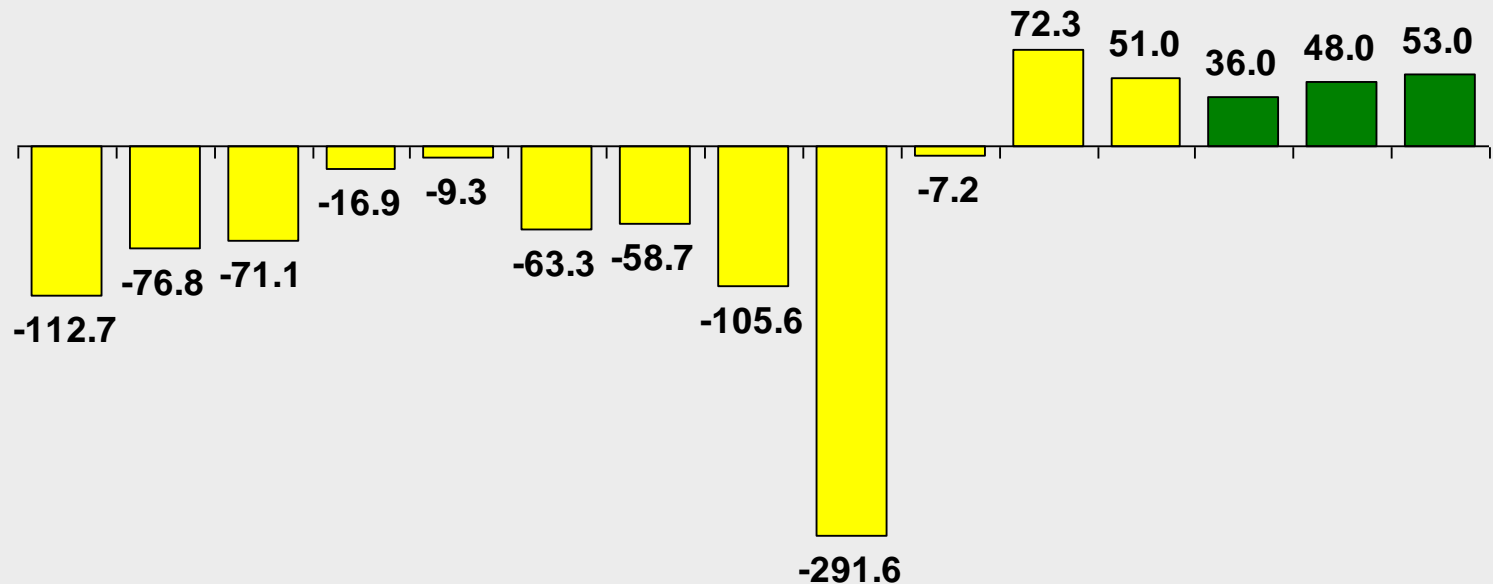
**Director John Nixon, CPA**

# Turning the Corner



- Growing more jobs
- Personal income is increasing
- Home sales and prices are increasing
- Our population is growing again

# Michigan's Employment Expected to Increase in 2013 - 2015



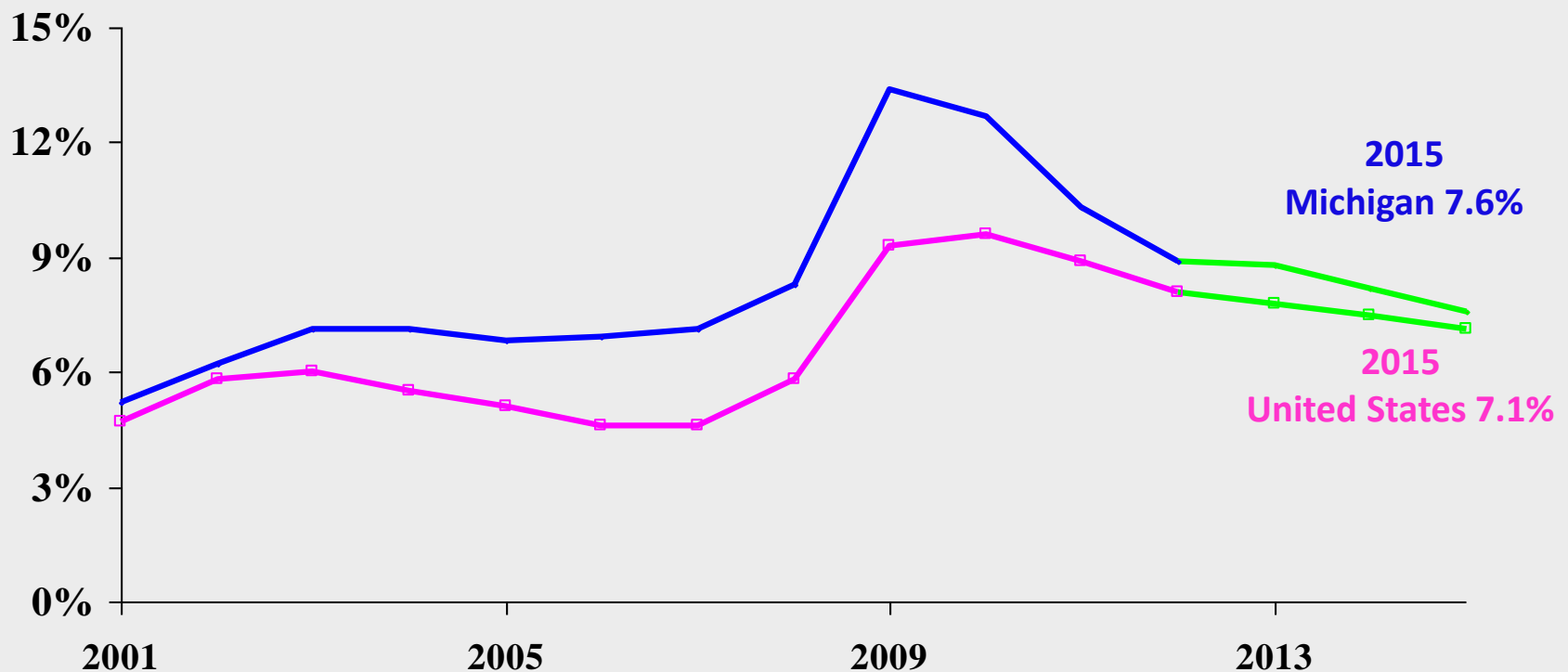
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

**Michigan Wage and Salary Employment Year-Over-Year Change  
(In Thousands)**

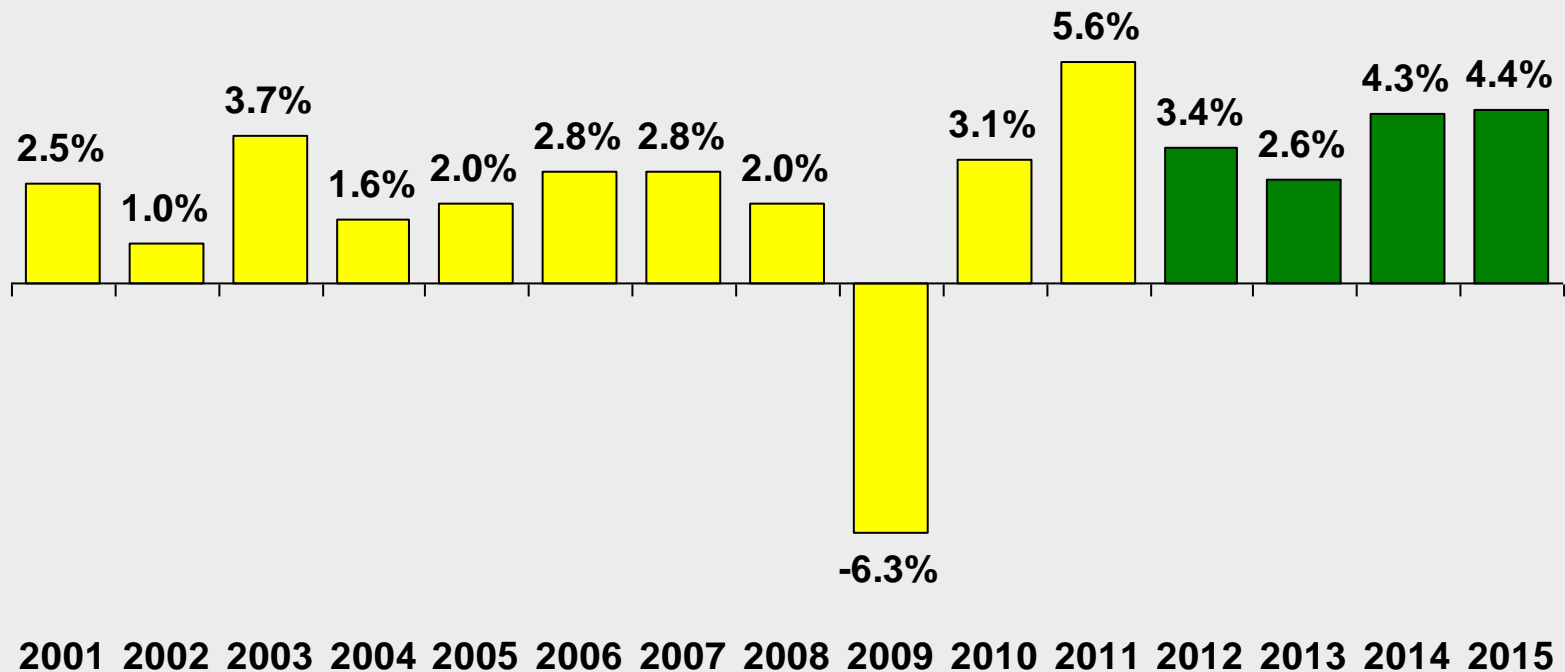
Consensus Forecast

Note: U.S. Bureau of Labor Statistics. 2012-2015 estimates are 1/11/13 Consensus Forecast. 1/25/13.

# Michigan's Unemployment Rate Improving Faster Than the U.S. Rate



# Michigan Personal Income Continuing Growth in 2013 - 2015

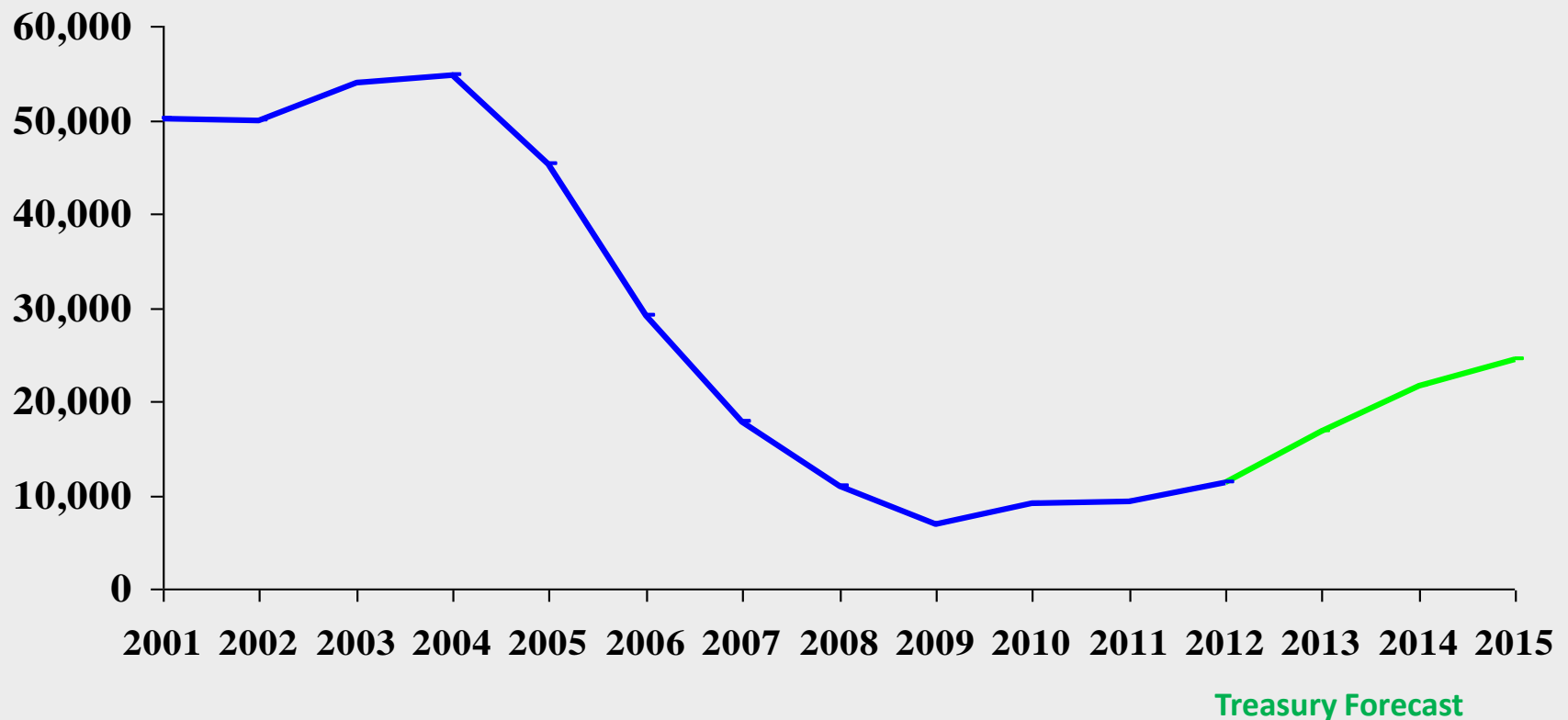


**Michigan Personal Income Year-Over-Year Change**

**Consensus Forecast**

Note: U.S. Bureau of Economic Analysis. 2012-2015 estimates are 1/11/13 Consensus Forecast. 1/25/13.

# Michigan Housing Starts are Rebounding



Sources: U.S. Bureau of the Census & Treasury Forecast 1/11/13



# Recognizing Risks

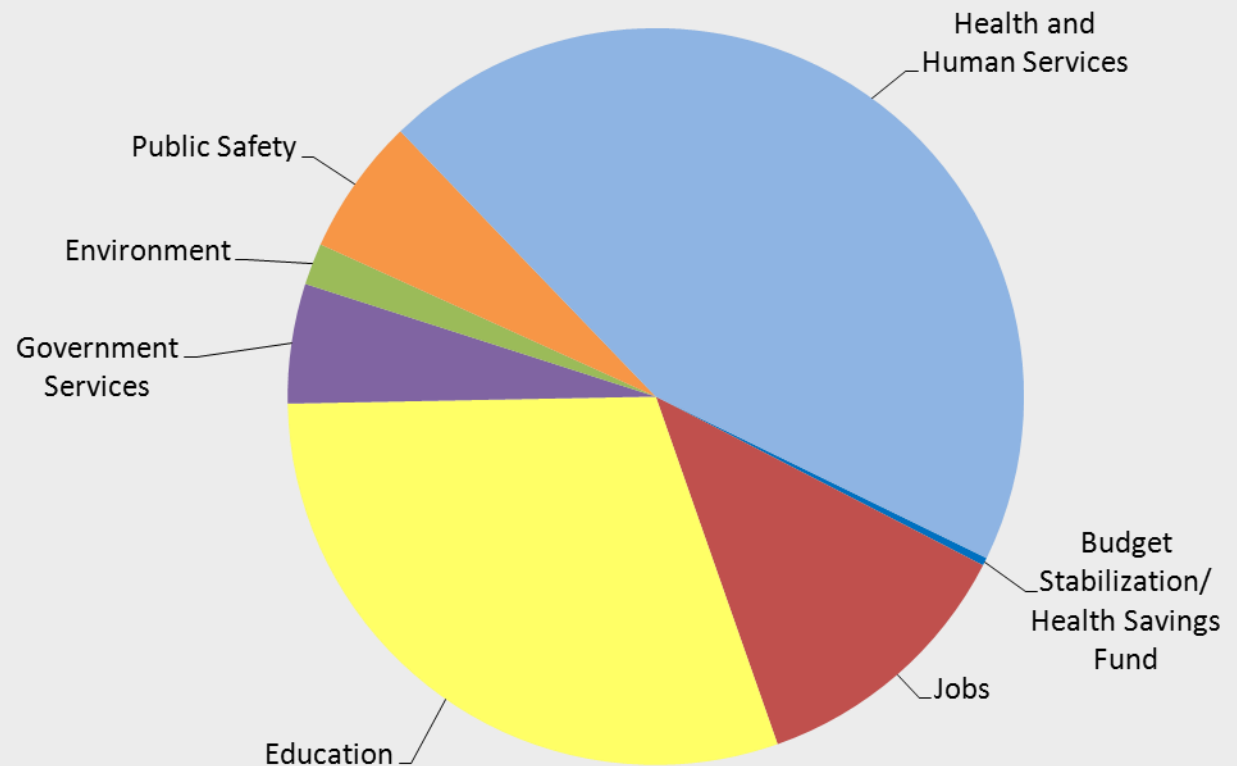
- Federal fiscal management
- Global issues, particularly Europe
- Challenged local entities
- Ensuring long term solutions
- Returning to old bad habits



## Nearly 75 Percent of Total Spending is Dedicated to Education and Health and Human Services



Health and Human Services	\$22.6 Billion
Education	\$15.3 Billion
Jobs	\$6.1 Billion
Public Safety	\$3.1 Billion
Government Services	\$2.7 Billion
Environment	\$922 Million
Budget Stabilization / Health Savings Fund	\$178 Million
<b>FY 2014 Total</b>	<b>\$50.9 Billion</b>



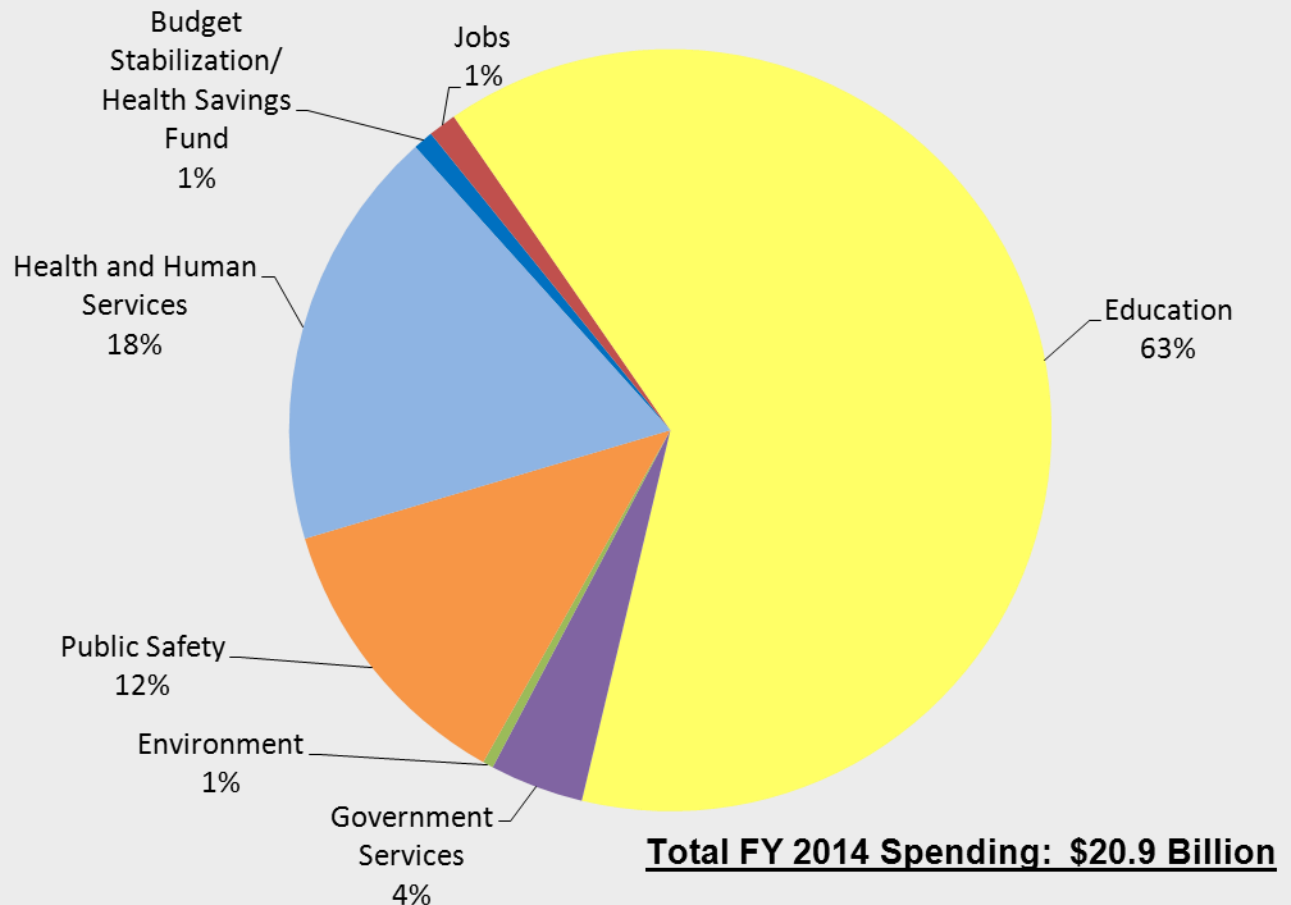
**Total FY 2014 Adjusted Gross Spending: \$50.9 Billion**



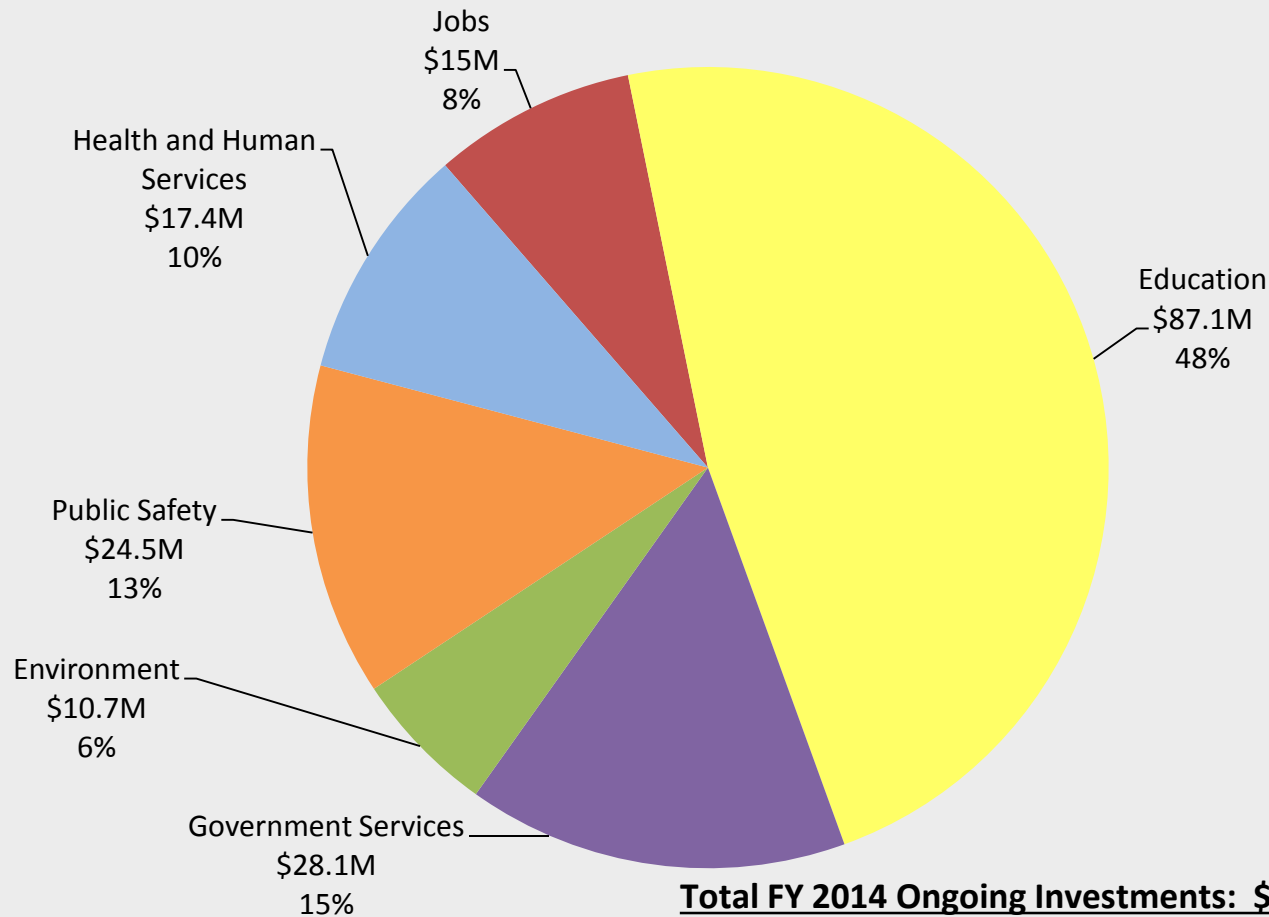
# Over 60 Percent of General Fund and School Aid Fund Resources are Devoted to Public Education



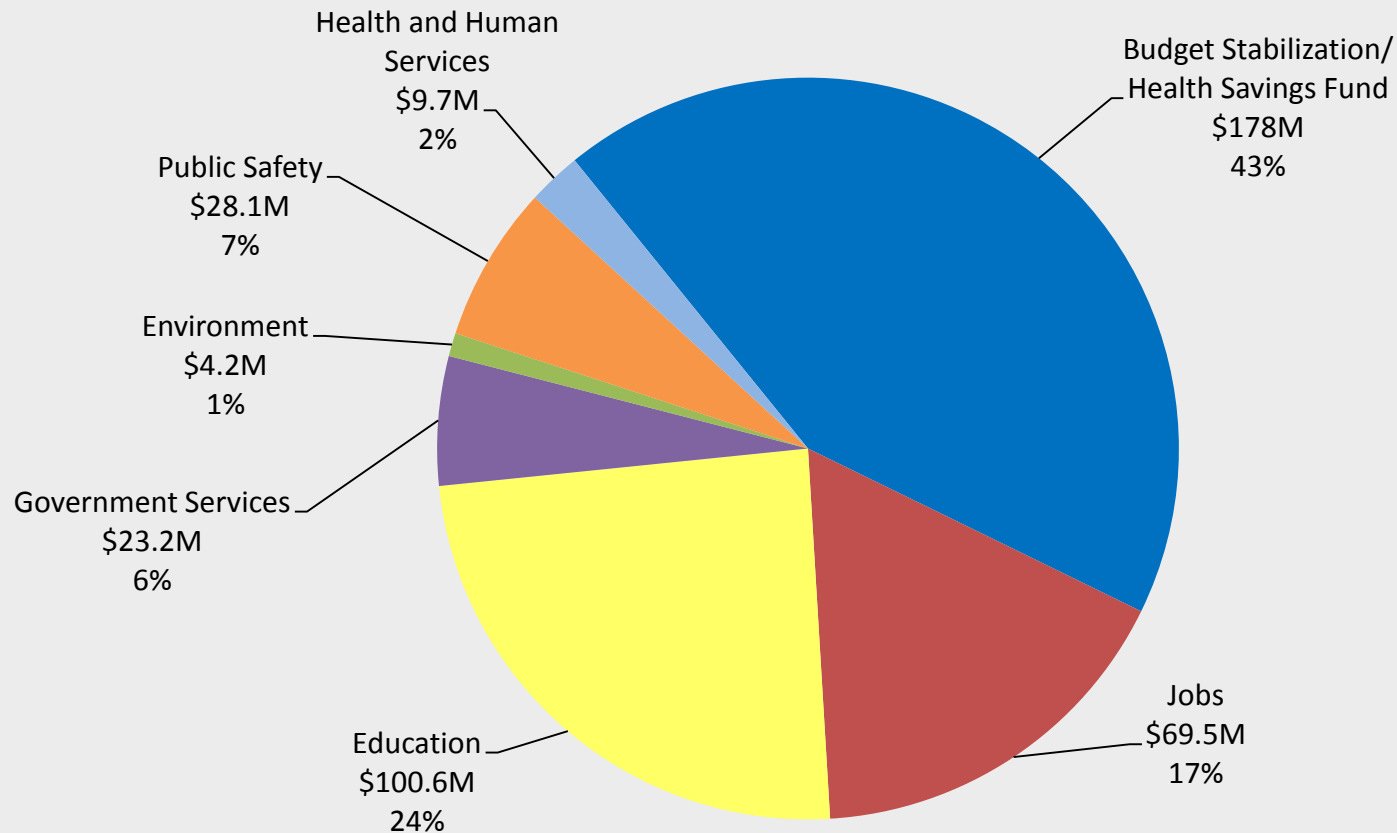
Education	\$13.2 Billion
Health and Human Services	\$3.7 Billion
Public Safety	\$2.6 Billion
Government Services	\$830 Million
Jobs	\$249 Million
Budget Stabilization / Health Savings Fund	\$178 Million
Environment	\$94 Million
<b>FY 2014 Total</b>	<b>\$20.9 Billion</b>



## Education Programs Receive Almost Half of Ongoing Investment Funding

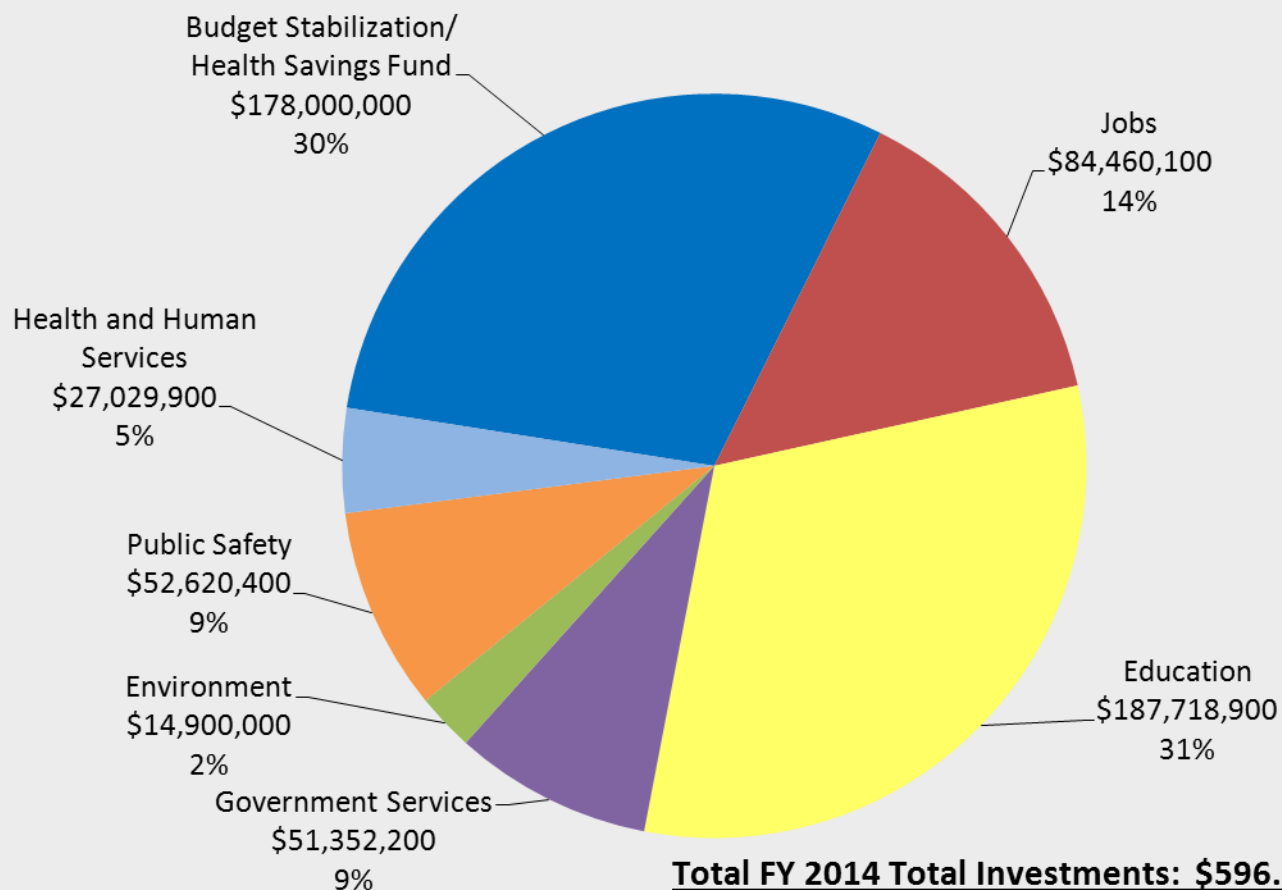


## Over \$275M in One-time Funding is Dedicated for Savings Accounts and Education Programs



**Total FY 2014 One-Time Investments: \$413.3 Million**

## 61 Percent of Total Investments are Designated for Savings Accounts and Education Programs





# Supplemental for 2013

- Emergency harbor dredging
- Veterans service delivery model
- Health Care Exchange

# Budgeting Responsibly



- Invest and save wisely
  - Live within our means
  - Prioritize to make a difference
  - Ask for, measure and reward real results
- Invest and save
  - Short term and urgent
  - Long term and important





# Paying and Lowering Our Bills

- Retirement
  - Michigan Public School Employees Retirement System
  - Michigan State Employee Retirement System
- Bond Obligations
  - Clean water
- Updating old, outdated and worn assets



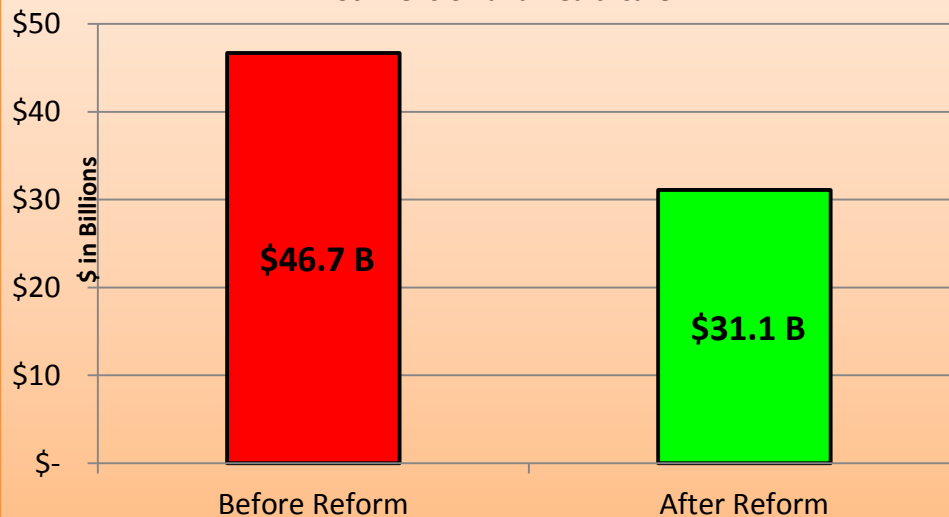


# Retirement Reforms

Long-term results: savings of **\$2,200** per citizen and more than **\$10,000** per student

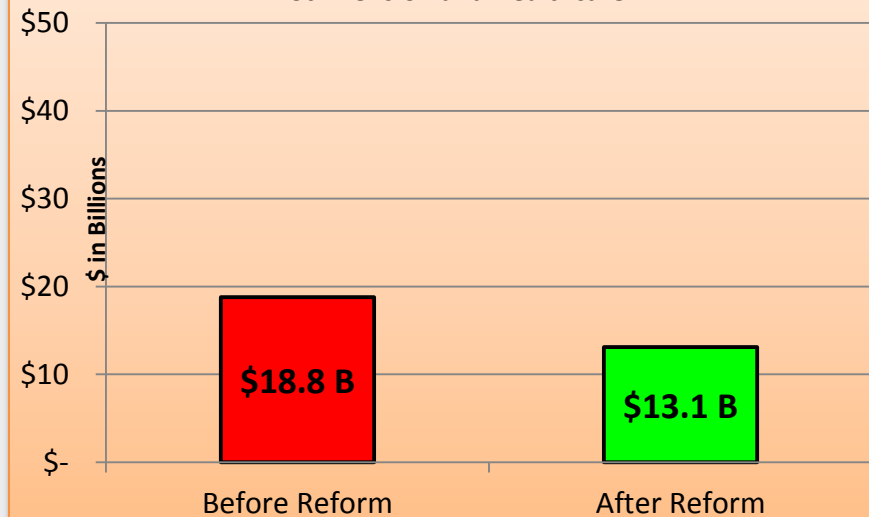
## Total Estimated Liabilities for MPSERS

Both Pension and Healthcare



## Total Estimated Liabilities for SERS

Both Pension and Healthcare





# Investing in the Future

- Infrastructure
- Education
- Medicaid expansion
- Health improvements
- Jobs
- People
- Public safety
- Quality of life



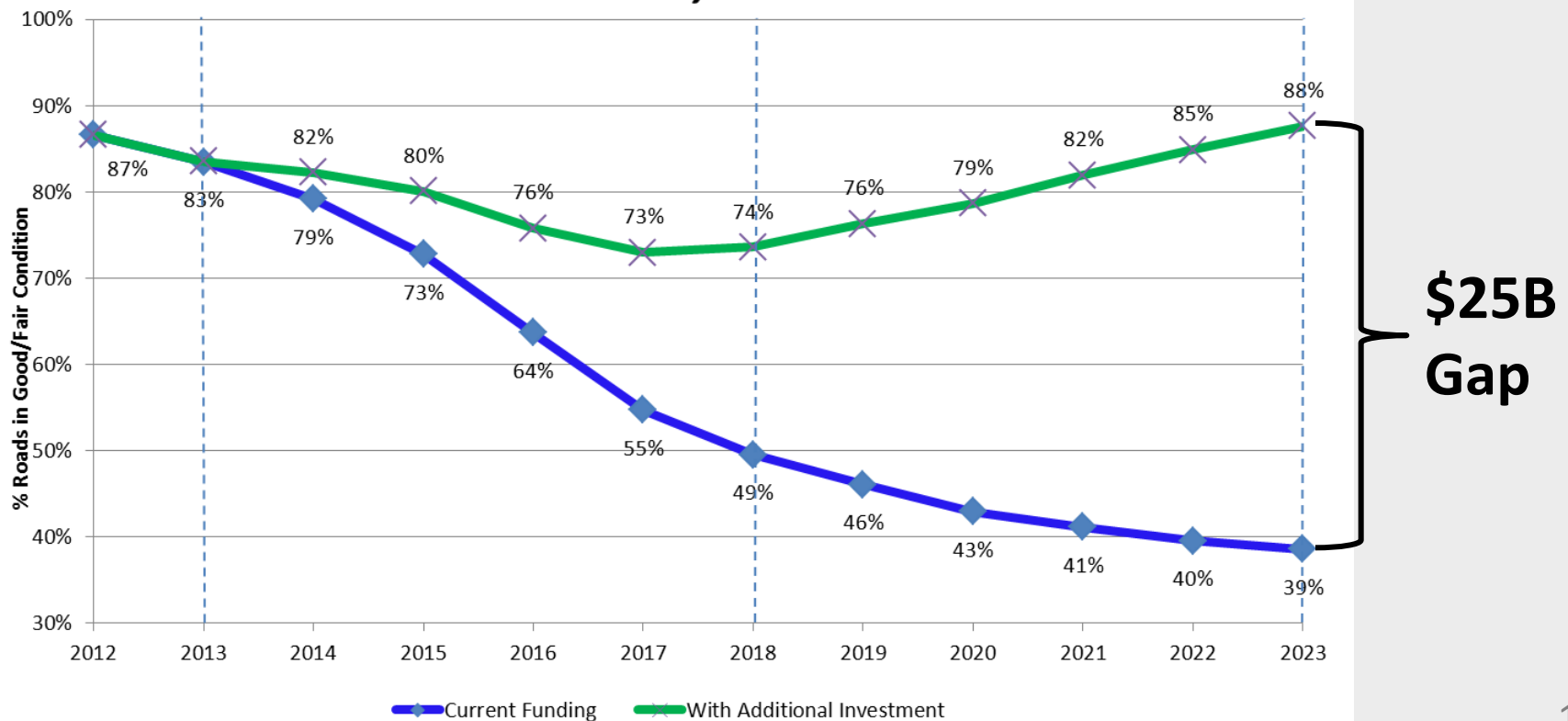
# Driving the Economy Forward

- Invest \$1.2B more per year in infrastructure
- Four layers to a common sense outcome
  - Make regular payments to avoid huge bill
  - Save on vehicle repair costs
  - Grow the economy by creating jobs
  - Save nearly 100 lives per year
- Roads, bridges, public transit, rail, harbors

# Investing in Our Roads



**State Trunkline Pavement Condition Forecast:**  
*Additional Investment Needed to Avoid  
Drastic Declines in System Condition*





# Creating a P-20 Educational System

- More seamless system
  - Student growth
  - Careers or self enrichment
- Three tiers
  - Early childhood
  - K-12
  - Higher education
- Total \$15B investment (\$13.1B from State)



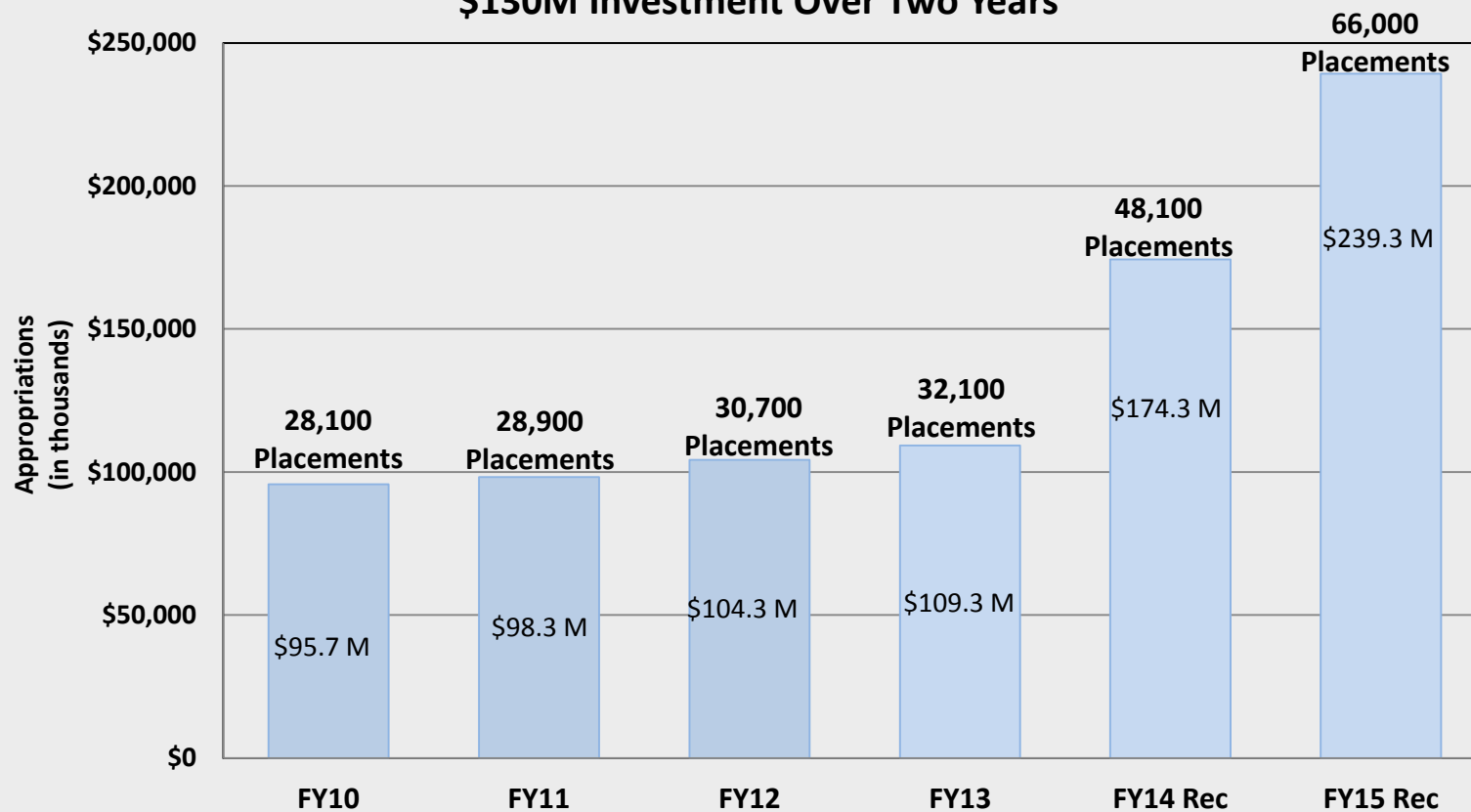
# Early Childhood – Major New Investment

- \$130M investment over the next two years
  - More than double the 2011 investment
- 2014 Investment - \$65M total
  - Creating 16,000 new placements
  - Increased funding per slot from \$3,400 to \$3,625
- 2015 Investment – adding another \$65M more
  - Creating an additional 18,000 placements
- Value add to all



# Investing in Our Children Early

Preschool Funding Will Double by FY 2015 With  
\$130M Investment Over Two Years



Reflects State Appropriations and Number of Half-Day Preschool Placements



# K-12: Continuing Focus on Student Growth

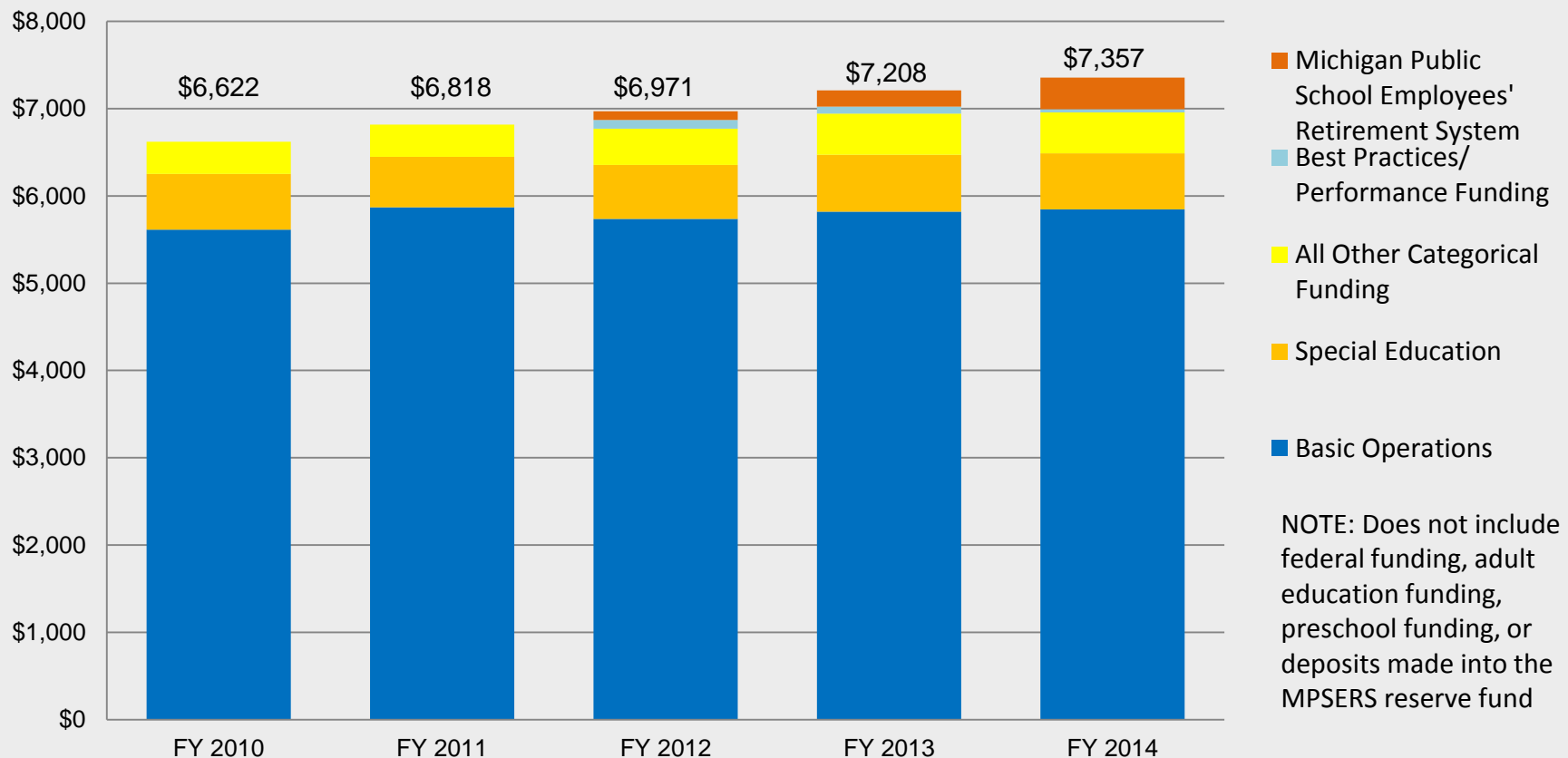


- \$13.2B for K-12, including \$11.5B of state funds, an increase of \$227M
- Includes an equity payment to further close the foundation allowance funding gap (\$24M to raise the lowest funded districts to \$7,000 per pupil)
- Continue performance and best practices funding, as well as technology grants
- Supports online courses



# K-12 Per Pupil School Aid

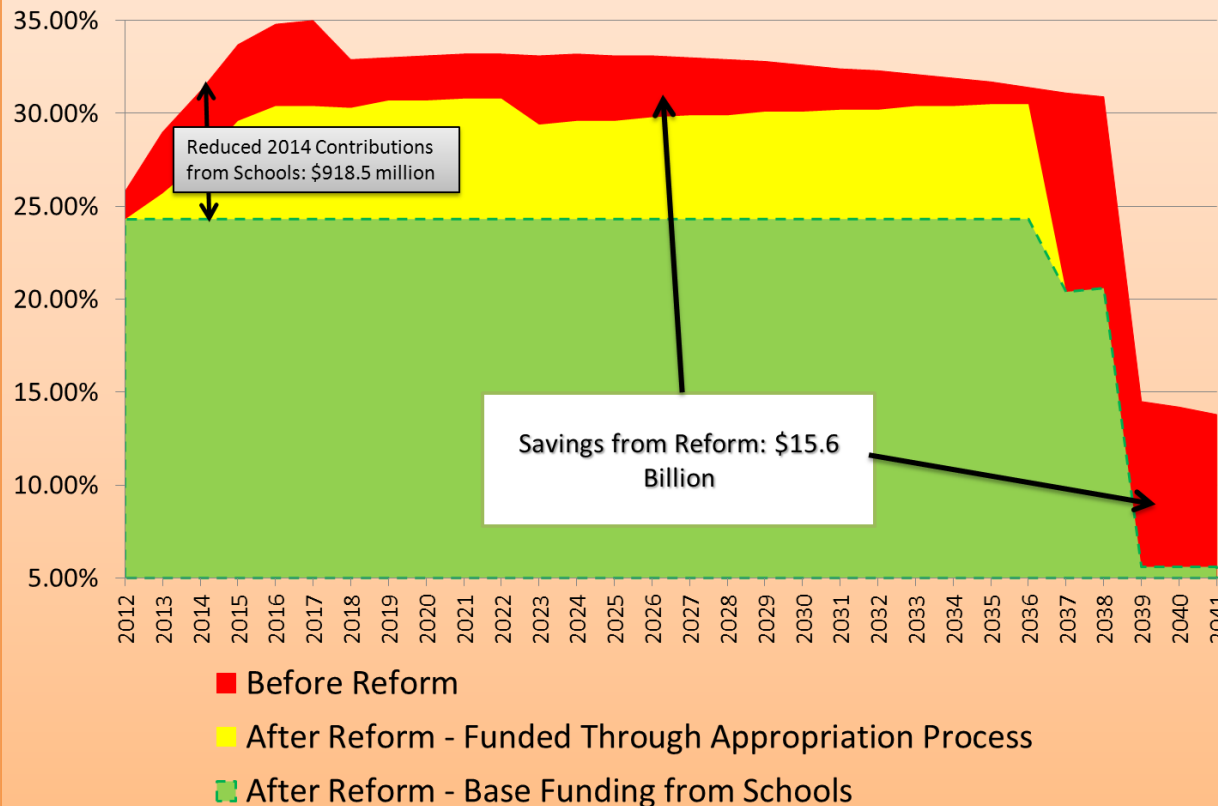
## Appropriations - FY 2010 to FY 2014





## Projected MPSERS Total Contribution Rates (2012-2041)

Pension and Healthcare



- Savings from reforms equals **\$482M** or **\$315** per K-12 student in FY 14
- FY 14 funding recommendation is an increase of **\$436M** or **\$250** per K-12 student
- These two actions translate into **\$918M** or **\$565** per student in FY 14



# Higher Education

- Total funding of \$1.4B for universities, a \$31.4M increase
  - An increase of \$24.9M for performance formula funding
  - \$1.1M increase for MSU's Ag Bio Research and Extension
- Total funding of nearly \$336M for community colleges
  - \$5.8M increase for performance formula funding
  - \$31.4M for retirement costs
  - \$1.1M for the Virtual Learning Collaborative
- Capital investment challenges for FY 2015



# Expanding Medicaid

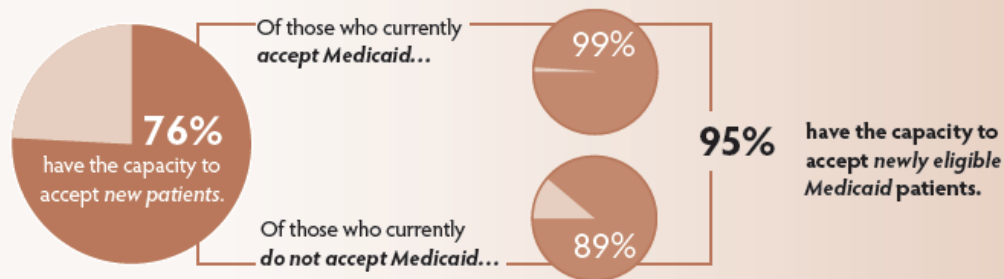
- Work toward better care at lower cost to society
- Critical issue is having patient centered medical home vs. more ER visits
- Simpler and better for families, providers and small business
- Reserve one half of short term savings to cover future costs and reduce federal risks

# Provider Capacity Exists in MI

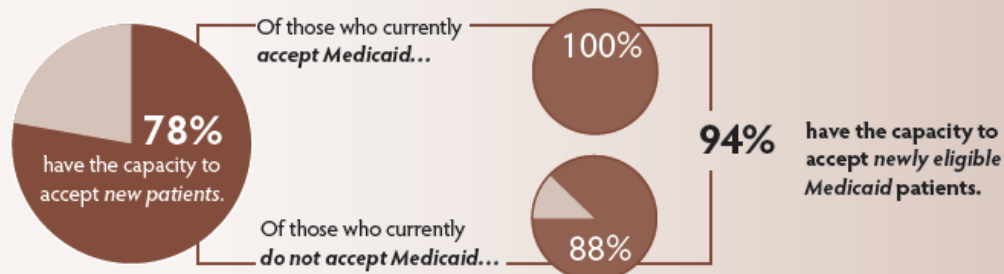


## Family Medicine and Internal Medicine

### Family Medicine



### Internal Medicine

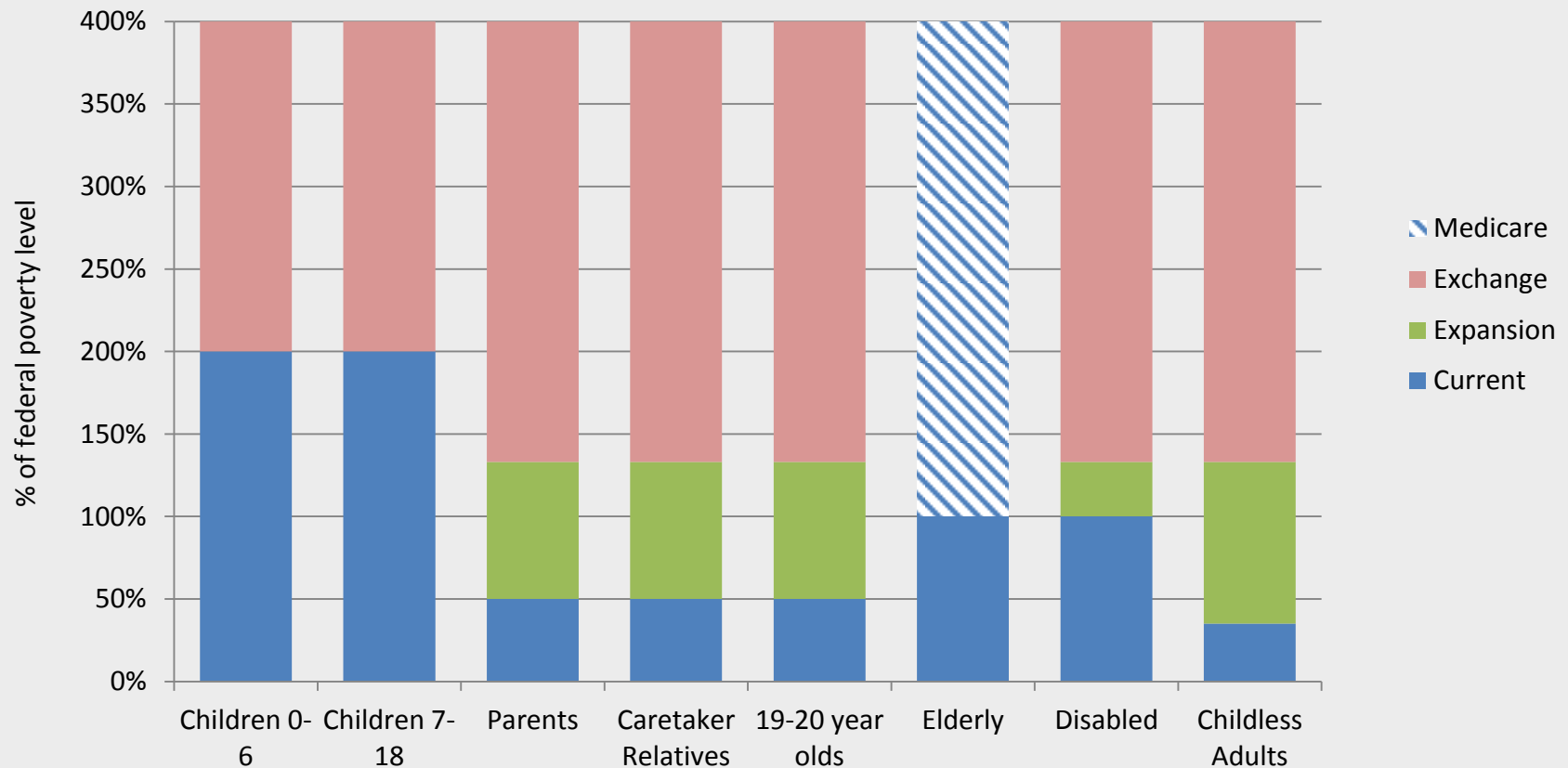




# Medicaid Expansion



**Medicaid expansion fills the gap between current coverage  
and private health insurance coverage offered on the Exchange**





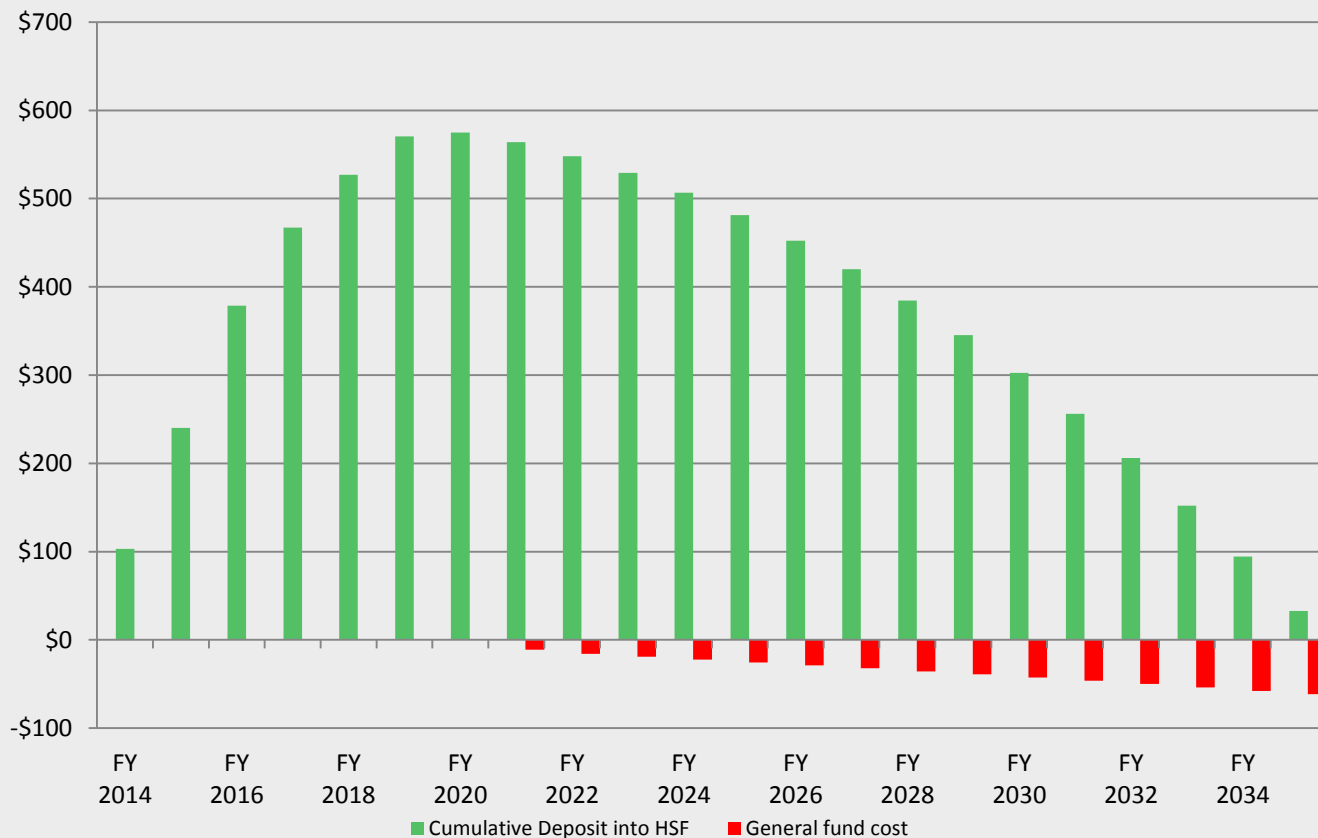


# Medicaid Expansion Would Dramatically Reduce the Number of Uninsured

- A recent national report concluded that Medicaid expansion in Michigan would result in a 46 percent reduction in the uninsured\*
- If Michigan does not expand, many individuals under 100 percent of poverty would not be eligible for insurance either through Medicaid or the Exchange

\*Kaiser Commission on Medicaid and the Uninsured, November 2012

# Cumulative Deposits into the Health Savings Fund will Finance Medicaid Expansion for the Next 21 Years



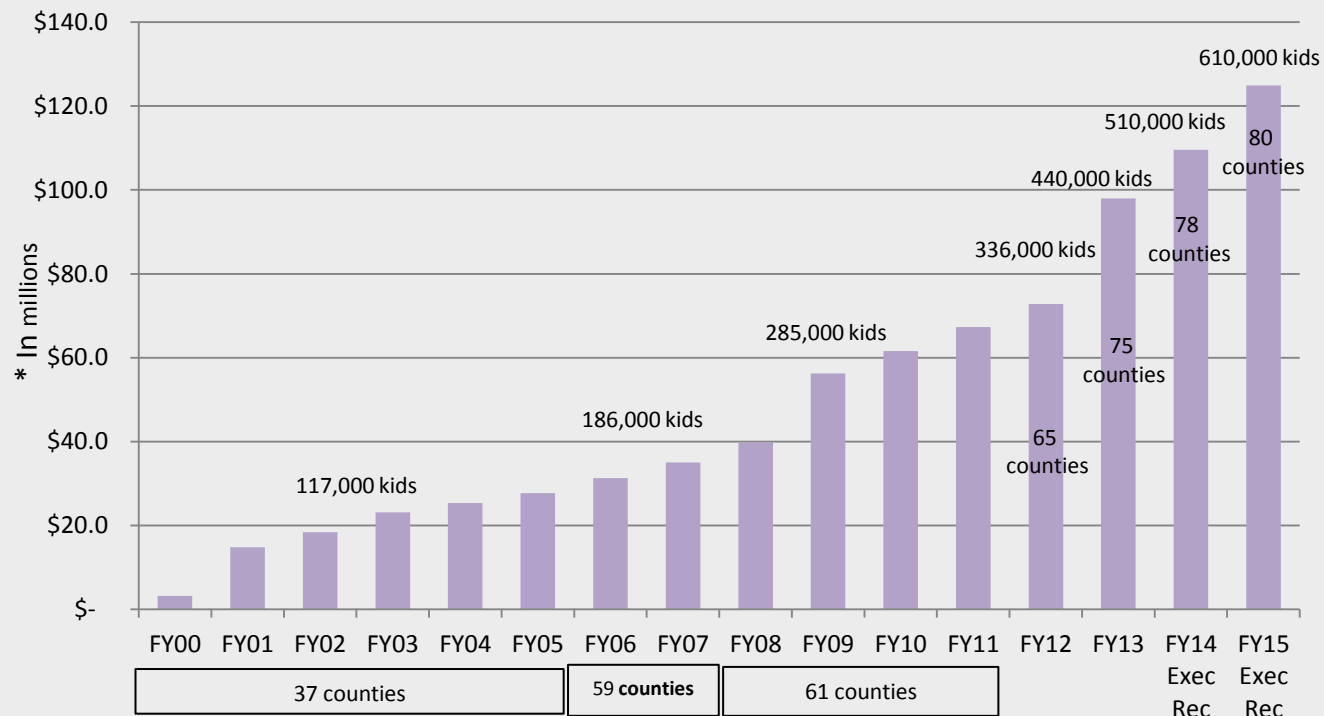
\*in millions

# Making Dental Health a Priority



- \$11.6M to expand Healthy Kids Dental to reach 70,500 more children — Additional 100,000 children in FY 2015

Healthy Kids Dental program has increased access to dental care for Michigan children





# Making Michigan Healthier

- Fostering innovation
  - \$3M for “Health Innovation Grants” to improve the provision of health care
  - \$5M for mental health innovations to expand and improve mental health services
- Additional \$2.5M to reduce infant mortality
- \$8.7M for health and wellness to support prevention and promote healthy behaviors



# Supporting Job Creation

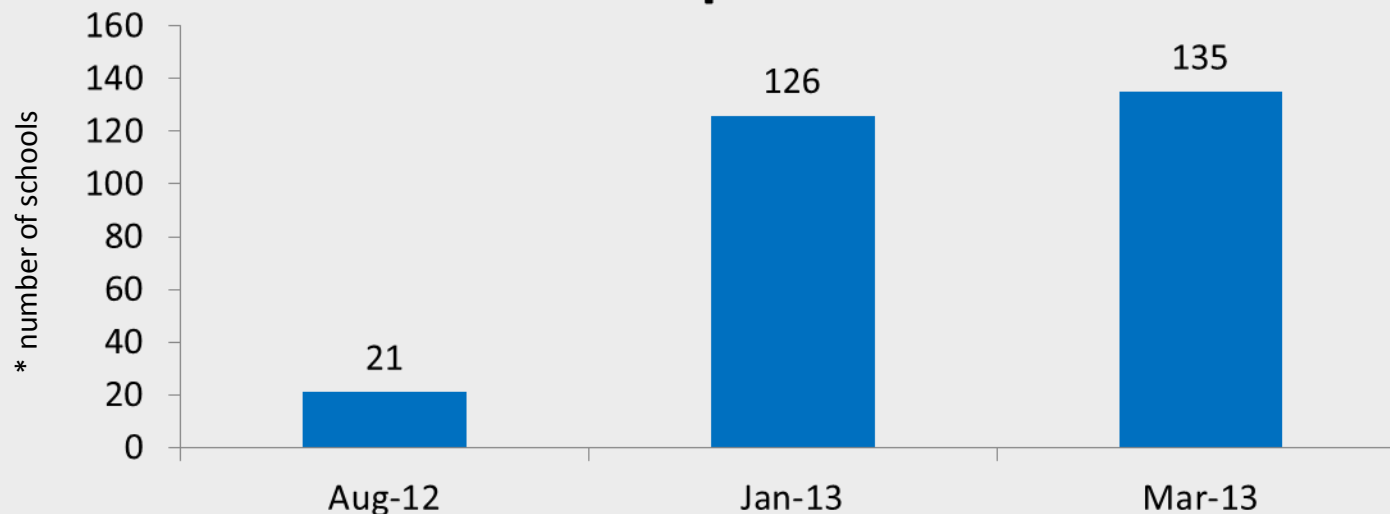
- \$10M for a new skilled trades program
- \$20M to assist banks in extending capital to underserved communities
- \$3M for a new food and agriculture growth initiative
- \$4M increase for Pure Michigan



# Improved Services to People

- Paving the path to independence
  - \$6.2M to continue and expand Pathways to Potential

## Pathways to Potential Implementation





# Honoring Our Veterans

- \$8.6M for a new innovative Veterans' Service Delivery Initiative
  - Create a new agency to focus directly on veteran services
- \$600,000 to add an additional five qualified service officers to connect veterans with services





# Making Michigan Safer

- Increase strength of Michigan State Police ranks
  - Trained 78 troopers in FY 2012
  - Anticipate training 152 troopers during FY 2013
  - \$15.2M to train 107 troopers in FY 2014
- \$2M for mental health courts
- \$3M for treatment courts
- \$9.5M for blight elimination and \$4M for “Good Neighbor” property maintenance



# Protecting Our Natural Resources

- Safeguarding Michigan's water
  - \$2.5M gross for underground storage tank cleanup
  - \$2M to replace the Great Lakes Research Vessel
  - \$97M bond for grants and loans to improve sewage collection and treatment systems
    - \$3M bond for wetland mitigation bank program
- \$2.7M gross for off-road vehicle trail network
- \$5.9M to train 41 new conservation officers



# Saving for the Future

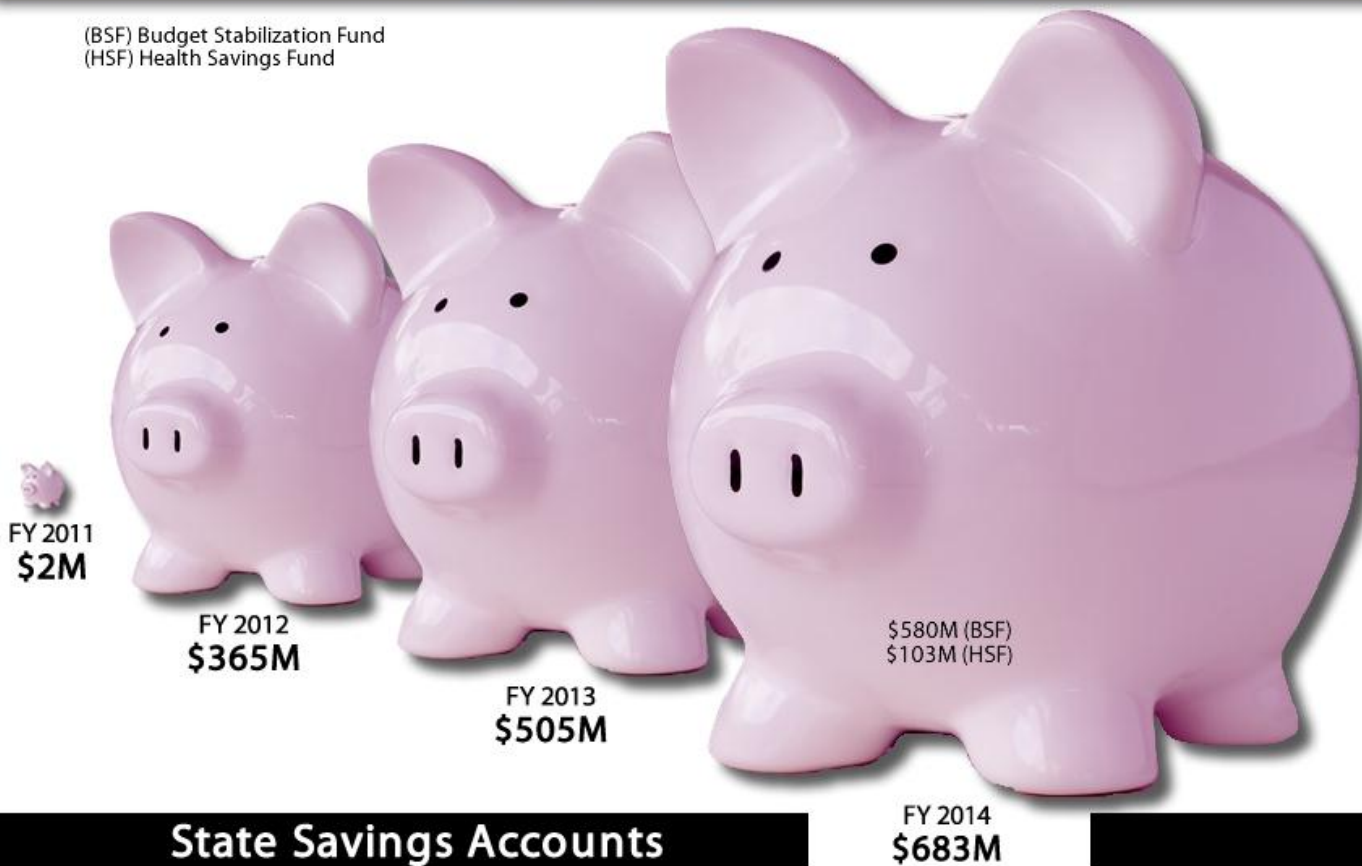
- Rainy Day Fund
- Michigan Health Savings Fund
- Disaster and Emergency Contingency Fund

# Long-term Savings



Under Gov. Rick Snyder, Michigan is saving for the future

(BSF) Budget Stabilization Fund  
(HSF) Health Savings Fund





Questions?

Thank you.